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Gambling and financial harms: a multi-level approach

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Introduction

Gambling is integrally linked to financial problems and harms. In this blog, we discuss the relationship between gambling and financial harm from a multi-level, socio-ecological perspective (cf. Wardle et al., 2018). We argue that gambling and financial harms are linked in a multitude of ways, spanning far beyond the individual experience of debt and financial hardship. Gambling can lead to significant financial losses that have wide-ranging and rapidly emerging negative impacts on individuals and families. Financial harms caused by gambling are also experienced at inter-personal and societal levels. These harms are driven by individual vulnerabilities as well as social structures, including commercial exploitation and increased availability of both gambling and credit, particularly in digital environments. A model of a socio-ecological approach to gambling and financial harm is presented in Figure 1.

Individual and inter-personal levels

Gambling can cause financial harm to individuals and families when they cannot meet other financial commitments due to gambling, or when they borrow money to finance continued gambling (Muggleton et al., 2021; Barnard et al., 2014). Gambling-related financial harms can further aggravate other gambling-related harms. Financial difficulties may cause or worsen health issues, psychological suffering, and family disfunction (Swanton & Gainsbury, 2020a). Debt and financial trouble are also key drivers behind gambling-related suicidality (Marionneau & Nikkinen, 2022). A UK study found that high levels of gambling were associated with 37% increase in mortality (Muggleton et al., 2021). Similar harms accrue at the inter-personal level. Family members of those experiencing problems with gambling can also experience long-term financial harms. Financial hardship puts a two-fold strain on families: gambling-related debt and financial losses impact the family household budget,

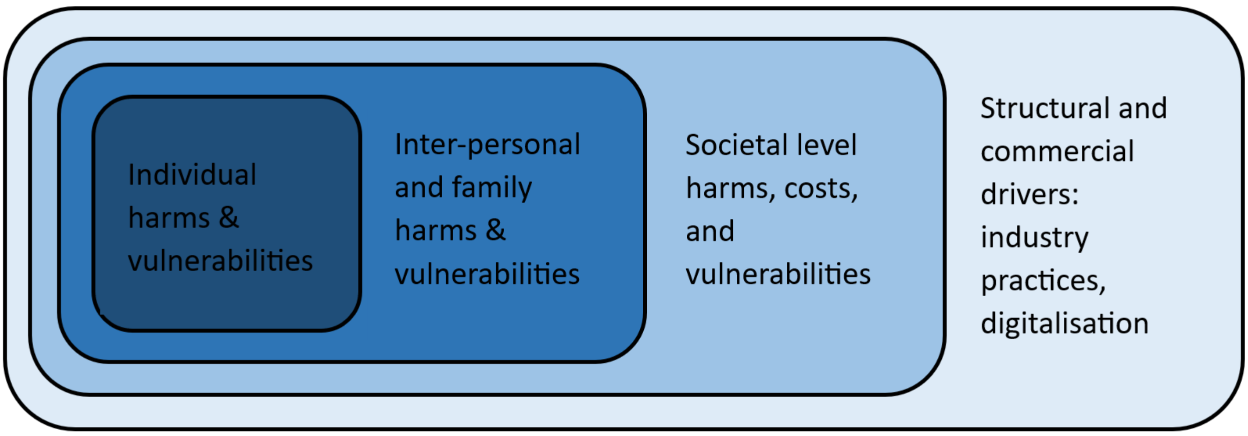

Figure 1: A socio-ecological approach to gambling and financial harm.

but they also have a negative impact on family relationships and emotional wellbeing (Marionneau et al., 2023b; Dowling, 2014).

Levels of debt have been found to be particularly high among help-seekers and those meeting the clinical criteria for problem gambling (Downs & Woolrych, 2010; Swanton & Gainsbury, 2020b). Recent studies using bank transaction data (Davies et al., 2022; Marionneau et al., 2023a) have found that gambling is prevalent also among those seeking help for financial problems at debt consolidation or consumer credit counselling services. For example, we recently conducted study using past-year bank transaction data of highly indebted Finnish individuals seeking a debt consolidation loan (N=23,231) (Marionneau et al., 2023a). The results of this study showed that 55.8 percent of these highly indebted individuals had gambled in the previous year (excluding cash-based gambling) and approximately 17 percent (N=4,006) of applications for debt consolidation within the service were rejected due to heavy gambling. This is particularly alarming since this may discourage individuals experiencing gambling harm from seeking other help.

Financial problems are not only a cause of gambling, but they can also be an important driver of gambling. Accumulated debt may encourage further gambling as a perceived solution (Sulkunen et al., 2019). Financial difficulties related to gambling may also differ across socio-demographic characteristics. Gambling expenditure is highly concentrated at a population level (e.g., Kesaite et al., 2023). Those in the highest spending groups are more often male and have lower educational levels than those in lowest spending groups (e.g., Grönroos et al., 2021). These social groups may also be more vulnerable to financial problems due to their gambling.

Societal Level

Gambling is also linked with financial harm at a societal level. Gambling generates a range of societal costs, spanning from cost of illness to enforcement costs and productivity related issues (e.g., Hofmarcher et al., 2020). In addition, gambling is linked to many intangible costs and harms. Costs are not the same as harms, and not all harms can be calculated as monetary costs. Intangible costs and harms include reduced quality of life but also more societal issues such as inequalities and poverty (Hofmarcher et al., 2020; Sulkunen et al., 2019). Many societal level harms are also not a direct result of problematic gambling, but of gambling provision more generally (Nikkinen & Marionneau, 2014). For example, gambling consumption may substitute other forms of consumption that could be equally or even more productive for societies (Marionneau & Nikkinen, 2020). The gambling industry may also be particularly prone to different types of illegal activity, including corruption, and money-laundering (Banks & Waugh, 2019).

Societal-level drivers may contribute to increased gambling-related financial harm. Societies differ in terms of gambling availability, accessibility, and acceptability. The framings and justifications of gambling legislations within societies also have a direct impact on what kind of policy measures are implemented (Ukhova et al., 2023). For example, if gambling is primarily seen as a vehicle for public finance rather than as a health-harming and addictive commodity, the regulatory response will favour tools that highlight individual responsibility over more public health-oriented measures, such as limiting availability (Cassidy, 2020; Ukhova et al., 2023, Aimo et al., 2023). These differences have direct implications for the emergence of financial harms for individuals, families, and societies.

Structural and Commercial Drivers

Commercial determinants of harmful gambling are increasingly well known (e.g., de Lacy-Vawdon et al., 2023; Reith & Wardle, 2022). For example, the gambling industry has been shown to wield different forms of soft and hard power over consumers and regulatory action (de Lacy-Vawdon et al., 2023). This power is visible in actions such as marketing, product design and preference-shaping, but also in political agenda setting and framing, direct relationships with decision-makers, and industry influence over research (de Lacy-Vawdon et al., 2023; Johnson et al., 2023; Reith & Wardle, 2022; Adams, 2022; Cassidy et al., 2013). These power structures span beyond the gambling industry, and link to wider societal processes such as neoliberal capitalist ideology, globalisation, and financialisation (de Lacy-Vawdon et al., 2023; Reith 2013; Nicoll, 2013).

Similar determinants drive the financial credit and particularly high-cost instant or payday loan industries. Instant loans and consumer credit have become abundantly prevalent and easy to access. In some societies, instant loans are extensively advertised and pushed to consumers, often resulting in high levels of indebtedness (Majamaa & Lehtinen, 2022; Hiilamo 2018). The commercial determinants behind financial harm can therefore span beyond the gambling industry, intersecting with the credit industries as well as a network of other commercial interests (also Marionneau et al., 2023a).

Gambling and credit industries employ similar tactics to exploit the vulnerabilities of consumers for profit. Commercial gambling extracts value from the assets and savings of consumers (Young & Markham, 2017). This exploitation can be expanded using credit. The wide availability of credit, and particularly instant loans, is connected to excessive gambling spending and debt (Swanton & Gainsbury, 2020b; Marionneau et al., 2023a). For example, the landmark study by Muggleton et al., (2021) using bank transaction data of British consumers (N=6,500,000) showed that a ten percent increase in gambling consumption was connected to a 11.2 percent increase in credit card usage, as and a 51.5 percent increase in high-cost payday loans. In comparison to non-gamblers, those gambling were 400 percent more likely to take payday loan in the next month. In our study of individuals seeking debt refinancing (Marionneau et al., 2023a), we found that individuals with unsecured loans (such as instant loans and pay-day loans) had lost significantly more money in gambling in the past year than individuals without unsecured loans.

Advances in digital technology are likely to accelerate the commercial drivers behind gambling-related financial harm. Gambling products are increasingly provided via digital channels. Digital gambling products are typically designed to increase time-on-device, amplifying addiction as a design element (Schüll, 2012; see also Gottlieb et al. 2021). Digital channels also make access to credit easy and debt even faster to accumulate. Digitalisation is likely to be another driver behind financial harm caused by gambling. Digitalisation may also further increase the reciprocity between the gambling and credit industries: The provision and production of digital gambling involves a wide network of actors, such as payment intermediaries, that may be directly linked to banks and credit institutions.

Digital environments produce vast amounts of data that can be used to help individuals set personal limits. Such tools, also known as 'responsible gambling tools' can help some individuals in controlling their gambling – but they continue to not address the systemic issues that drive harms. Data generated in digital environments could be used to identify harmful gambling behaviours for targeted interventions (Marionneau et al., 2023c). However, the bulk of data-driven interventions are implemented and developed by gambling industry actors for corporate social responsibility purposes. Furthermore, these same data are also actively used by gambling companies to target consumers with marketing and more attractive offer, and to drive increased consumption. From a public health perspective, data-driven interventions would be more effective if they targeted identifying and preventing exploitative industry practices.

Ways Forward?

This blog has discussed the possibility of applying a socio-ecological approach to conceptualising the multi-level relationship between gambling and financial harm. Gambling and financial harm have a reciprocal relationship: Gambling is an important driver of financial harm for individuals, families, and societies. At the same time, financial harm, as well as the credit industry are also important drivers of gambling. These intersections between technology, capital, and financial interests form a complex political economic system that is still not sufficiently well understood. More research focus should be put particularly on exploring how the gambling and financial credit industries are interlinked.

A socio-ecological understanding that spans beyond individual vulnerabilities, spending habits, and money management can contribute to destigmatising gambling-related financial harm. Besides supporting individual financial literacy, approaches to limit gambling-related financial harm should also include systemic approaches, including more stringent control on the provision, availability, and marketing of gambling as well as instant loans.

More international and inter-sectoral collaboration is also needed. Globalised industries cannot be effectively regulated at national levels. At the same time, the regulation of the increasingly online-first business models of the gambling and credit industries could benefit from collaboration with other sectors. Notably, banks and payment intermediaries could be enlisted to detect and even prevent harmful consumption and exploitative practices. These types of approaches require that the relationship between gambling and financial harms is well understood at different levels, and that instead of focusing on individual vulnerabilities, regulations primarily target harmful structural and industry practices.

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